

Consumers Energy
Testimony by Douglas Detterman
Michigan House Energy and Technology Committee
June 1, 2010

Good morning, Chairman Mayes and members of the committee. My name is Doug Detterman. I am the Manager of Revenue Recovery at Consumers Energy Company. Consumers Energy provides service to 1.8 million electric customers and 1.7 million natural gas customers in Michigan's Lower Peninsula.

Thank you for this opportunity to testify regarding the growing challenges associated with energy theft and utility worker protection.

Energy Theft

Energy theft is a crime everyone pays for ...both in terms of costs and safety. When some customers tamper with their service connections or meters to avoid paying their fair share, everyone else's cost of service increases to cover those losses. But the problem does more than just increase the cost of electricity and natural gas. Tampering with meters, natural gas lines, and electric wiring can result in serious fires, explosions, injury and even death. It poses a significant danger to the thief, to innocent people living in the home, neighbors, and to Consumers Energy employees.

Consumers Energy has seen a rise in energy theft in recent years. Examples range from industrial or small commercial enterprises that tamper with a meter to cut costs or increase profit margins, to an individual tapping into the power line in reaction to getting disconnected for non-payment, and then there are some individuals just trying to "beat the system."

Consumers Energy takes energy theft seriously and is working to reduce it, prevent safety hazards and minimize societal costs. We are currently investigating nearly 10,000 incidents of energy theft each year. Over the past few years, we typically have billed between \$6 and \$8 million in energy theft and have collected approximately 50% of what has been billed. According to national industry statistics, estimated losses due to energy theft range from 0.5 % to 2% of total energy sales. In Consumers Energy's service territory, this burden would be in the range is \$30 to \$120 million. With these costs and public safety risks, all stakeholders, including customers, employees, regulators, and shareholders, pay a price for energy diversion and have a vested interest to prevent this growing and dangerous crime.

Utility Worker Protection

According to the Occupational Safety and Health Administration, about 2 million American workers are victims of workplace violence each year. Workers most exposed to an increased risk are those who exchange money with the public; deliver passengers,

goods, or services; or work alone or in small groups, during late night or early morning hours, in high-crime areas, or in community settings and homes where they have extensive contact with the public. Utility workers are among this vulnerable class of employees.

As Michigan's economy has struggled in recent years with record unemployment and home foreclosures, Consumers Energy has seen an increase in threats of violence towards our gas and electric service employees. We've had threats ranging from those of a verbal nature to employees over the phone to customers threatening to shoot an employee if they set foot on their property.

Year to date, we have experienced a 47% increase in threats of violence compared to this time last year. We are experiencing the highest threats and assaults in Genesee, Oakland, and Macomb Counties. The increased volume and rising severity of threats to our employees comes at a cost to our customers as these situations increase the Company's costs and can also lead to delay in service.

Customer and employee safety are Consumer's Energy's top priority so we take all threats very seriously and work closely with law enforcement officials to follow up on threats and incidents of violence. Employees are trained and reminded to be vigilant and alert at all times.

In conclusion, on behalf of Consumers Energy, I want to thank the members of this Committee for taking testimony on these very timely and important issues. Consumers Energy remains committed to helping partner with the Legislature, energy providers, and other stakeholders to enact measures to address energy theft and keep our employees safe.

I am happy to answer any questions that you might have.